

NEBRASKA ADMINISTRATIVE CODE

Title 350 – Nebraska Department of Revenue, Property Assessment Division Chapter 17 – Report and Opinion Regulations Effective Date – 7-3-2013

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Title 350 – Nebraska Department of Revenue, Property Assessment Division
Chapter 17 – Report and Opinion Regulations

REG-17-001 PURPOSE

001.01 This regulation defines terms, responsibilities of parties, implementation, and presentation of the Property Tax Administrator's Report and Opinion of the level of value and quality of assessment required by Neb. Rev. Stat. §§ 77-1327 and 77-5027. Each annual report and opinion will be based on all information available to the Property Tax Administrator as provided by statistical studies, county assessor survey information, and any other report or information sources available to the Department of Revenue, Property Assessment Division (Division).

The description of the techniques generally used in the development and use of a ratio study is developed using the Standard on Ratio Studies (Standard), issued by the International Association of Assessing Officers (IAAO). Two other references, Mass Appraisal of Real Property and Property Assessment Valuation, also issued by the IAAO, contain discussion of the development and use of ratio studies. Further, the Division sets forth procedures for the development of the ratio study in the Chapter 12, Sales File Regulations. The Standard provides recommendations for the design, preparation, interpretation, and use of ratio studies for a number of purposes. The 2010 Standard assumes that ratio studies will contain a statistically adequate sample of sales to represent the level of value for a particular jurisdiction being measured.

(Neb. Rev. Stat. §§ 77-702, 77-1327, and 77-5027. July 3, 2013.)

REG-17-002 DEFINITIONS

002.01 Class or subclass of real property means a collection of properties that share one or more common characteristics that affect value, and that are not found in other properties outside the class or subclass.

002.01A For agricultural or horticultural land, class or subclass includes but is not limited to: irrigated cropland; dry cropland; grassland; wasteland; nurseries; feedlots; orchards; location; geographic characteristics; and other market characteristics that are appropriate for the assessment of the class or subclass of agricultural or horticultural land.

002.01B For all other real property, class or subclass includes, but is not limited to: improvement status; parcel type; zoning; location; city size; parcel size; geographic characteristics; or market characteristics that are appropriate for the valuation of a class or subclass of real property.

002.01C Geographic characteristics means the physical characteristics of the earth, land, region, or site that may have an effect on value.

002.01D Market characteristics means the social and economic factors in the market that affect the value of real property.

002.02 Clerical error means transposition of numbers, mathematical error, computer malfunction causing programming and printing errors, data entry error, items of real property other than land identified on the wrong parcel, incorrect ownership, or certification of an incorrect valuation to political subdivisions, pursuant to Neb. Rev. Stat. § 77-128.

002.03 Coefficient of dispersion means the extent to which a set of ratios is clustered either tightly or loosely around the median, arithmetic mean, or weighted mean ratio and expressed as a percentage of that measure.

002.04 Coefficient of variation means the standard deviation expressed as a percentage of the mean.

002.05 Confidence interval means a calculated range of values in which the measure of central tendency is expected to fall.

002.06 Confidence level means the defined degree of confidence in a confidence interval which is commonly stated on a percentage basis.

002.07 Data set means the sales data pertaining to a class or subclass of real property during a study period.

002.08 Direct equalization means the process of converting the level of value for a class or subclass of real property into an adjustment factor, and changing the assessed values of real property in the class or subclass to more closely reflect level of assessment required in Nebraska statutes.

002.09 Mean ratio means the arithmetic mean ratio or the total of all assessment/sales ratios divided by the number of ratios.

002.10 Measures of central tendency means descriptive measures that indicate the mathematical center of a set of values, for example, mean and median.

002.11 Median ratio means the middle ratio of the sorted or arrayed assessment/sales ratios. If there is an even number of ratios, the median will be the average of the two middle ratios.

002.12 Preliminary Statistical Report means a report displaying the statistical information calculated for the qualified sales for each class of real property that occurred during a study period based on comparing selling

price with assessed value in place in the year prior to the current assessment year. All statistical reports must use the sales file developed pursuant to Chapter 12, Sales File Regulations.

002.13 Price-related differential means the statistical measure found by dividing the mean ratio by the weighted mean ratio, and then multiplying by 100 to obtain the percentage relationship. A percentage more than 100 indicates that higher-priced properties are generally assessed at lower ratios than lower-priced properties. A percentage of less than 100 indicates that lower-priced properties are generally assessed at lower ratios than higher-priced properties.

002.14 Statistical Report means an annual report displaying the statistical information calculated for qualified sales for each class of real property that occurred during the study period based on comparing selling price with the assessed values for the current assessment year. All statistical reports must use the sales file developed pursuant to Chapter 12, Sales File Regulations.

002.15 Special valuation means the actual value of the land if the land were available only for agricultural or horticultural purposes or uses, without regard to any other purpose or use for which the land may be used.

002.16 Special valuation assessment means 75% of the special valuation.

002.17 Standard deviation means the measure of data variance calculated from a set of numbers by subtracting each value from the mean and squaring each of the remainders, adding together all the squares, dividing the sum by the number that is one less than the number of values being analyzed, and taking the square root of the result.

002.18 Study period means the time frame established by the Property Tax Administrator in which all sales utilized in developing an assessment to sales ratio study have occurred. The study periods used by the Division for each major class of property are set forth in Chapter 12, Sales File Regulations.

002.19 Weighted mean ratio means a ratio determined by adding the assessed value of each parcel in a ratio study and dividing that number by the sum of the total selling prices of all the parcels in the study. The weighted mean gives weight to each dollar value for the parcels included in the ratio study.

Neb. Rev. Stat. §§ 77-103.01, 77-702, and 77-1327 July 3, 2012.)

REG-17-003 PROCEDURES

003.01 The Property Tax Administrator will issue a directive that establishes the following assessment standards: definition of terms; statistical reports to be created; statistical studies to be performed; data sets to be used; and assessment practice reports to be performed.

003.02 The Report and Opinion will contain a special valuation study for those counties whose predominate base of agricultural or horticultural land is determined to be influenced by non-agricultural or non-horticultural factors. The study will be prepared in compliance with professionally accepted mass appraisal techniques in determining the level of assessment for agricultural and horticultural land receiving the special valuation assessment.

003.03 On or before March 1 each year, the county assessor will certify to the Property Tax Administrator whether the market for agricultural and horticultural land in their county has influences outside the typical agricultural and horticultural land market. In any county that has applied the special valuation assessment, the county assessor must file with the Property Tax Administrator the information requested in Chapter 11, Agricultural Land Special Valuation Regulations as well as the following:

003.03A The methodology for determining the special valuation assessment of agricultural and horticultural land (uninfluenced value) and;

003.03B The methodology for determining the actual valuation of agricultural and horticultural land (100% of market value).

003.04 On or before March 25 each year, a county assessor may provide written comments to the Property Tax Administrator that will become part of the Report and Opinion.

003.05 On or before 19 days following the final filing due date for the abstract of assessment for real property, the Property Tax Administrator must certify the Report and Opinion for real property in each county to the Tax Equalization and Review Commission and provide each county assessor a certified copy of the Report and Opinion for that county. Beginning January 1, 2014, in counties with a population of at least 150,000 inhabitants, the Property Tax Administrator must certify the Report and Opinion for real property in each county within 15 days of the final filing date.

(Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027. July 3, 2013.)

REG 17-004 REPORT

004.01 The Report and Opinion issued by the Property Tax Administrator will consist of narrative and statistical reports, and other reports as determined by the Property Tax Administrator.

004.01A The narrative portion of the Report and Opinion will be designed to ascertain, on an ongoing basis, whether the assessment practices in each county comply with Nebraska law, achieve actual value, and are applied uniformly and proportionately to real property in the county. The information contained in the narrative will be developed by the Division through observing, conferring with, and providing assistance to county assessors. The information gathered by the Division will include, but is not limited to:

004.01A(1) Information regarding the actions and procedures used by county assessors to accomplish their assessment responsibilities;

004.01A(2) Sales review procedures used in each county to determine whether, for valuation purposes, sold and unsold real property is treated in the same manner;

004.01A(3) Market data for each county relating to the behavior of buyers and sellers of real property; and

004.01A(4) Any other information relevant to the assessment of real property in the county.

004.01B In analyzing the statistical studies for each county, the median ratio, as defined in Chapter 12, Sales File Regulations, is the Division's preferred measure of central tendency in determining the level of value, for the purpose of direct equalization.

004.01B(1) The Division will determine the level of value using the median ratio if the sample of sales is representative of the properties in the county or market area.

004.01B(2) If the sample of sales is not representative of the properties in the county or market area, the Division may expand its analysis to include sales in adjoining counties that share similar market and geographic characteristics.

004.01C The statistical portion of the Report and Opinion will be designed to assist the Division, on an ongoing basis, in determining whether each county has achieved the required level and quality of assessment for each class of property for that county. The information contained in the statistics will be developed by the Division pursuant to the Chapter 12, Sales File Regulations, and will include, but is not limited to:

004.01C(1) Qualified sales as determined in REG 12-002;

004.01C(2) The following statistical information for qualified sales:

004.01C(2)(a) The number of sales in the sample;

004.01C(2)(b) The total assessed value of the sales;

004.01C(2)(c) The total market value represented by the total of the selling prices of the sales;

004.01C(2)(d) The minimum and maximum assessment sales ratios by class or subclass;

004.01C(2)(e) The average sales price by class or subclass;

004.01C(2)(f) The mean ratio, median ratio, and weighted mean ratio;

004.01C(2)(g) The price-related differential;

004.01C(2)(h) The coefficient of dispersion;

004.01C(2)(i) The standard deviation;

004.01C(2)(j) The coefficient of variation;

004.01C(2)(k) The 95% confidence interval for each of the measures of central tendency;

004.01C(2)(l) The property type; and,

004.01C(2)(m) The date of analysis.

004.01D The Property Tax Administrator may determine that additional information is relevant when determining the level of value and the assessment practices within a county. The Report and Opinion may contain a report on topics determined by the Property Tax Administrator.

004.01E The county report section is a report about each county during the preceding year. The information gathered for this report will include, but is not limited to, the following:

004.01E(1) County Abstract of Assessment for Real Property, Form 45; and

004.01E(2) The county assessor's annual plan of assessment as submitted to the Division by the county assessor pursuant to Neb. Rev. Stat. § 77-1311.02.

004.01F The Property Tax Administrator will provide a correlation section of all information considered relevant for the determination of the level of value.

(Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027. July 3, 2013.)

REG 17-005 OPINION

005.01 After an examination of any information relevant to the level of value, including, but not limited to the narrative and statistical studies, the Property Tax Administrator will certify his or her opinion as to the level of value and quality of assessment for the various classes or subclasses of real property.

005.01A In analyzing the statistical studies for each county, the median ratio is the preferred measure of central tendency for determining the level of value for an opinion concerning direct equalization.

005.01A(1) The preferred use of the median ratio in analyzing statistical studies for each county will not prevent the Property Tax Administrator from analyzing and taking into account other professionally-accepted measures of central tendency such as the weighted mean or mean, or other statistical measures such as the coefficient of dispersion, price-related differential, coefficient of variation, or confidence intervals. The level of value may be determined by the Property Tax Administrator based on the analysis of the representative sample developed in accordance with REG 17-004.01B(2).

005.01B The Property Tax Administrator's Opinion will state whether the county's level of value and quality of assessment are acceptable or not acceptable based on a consideration of all of the information available. The Property Tax Administrator will take into consideration in the formulation of his or her opinion the information regarding the assessment practices in the county in addition to the results indicated from the statistical reports calculated from the sales file and the quantity, quality, and reliability of the statistical analysis of the county's data set including the dispersion and representativeness of sales in the database.

(Neb. Rev. Stat. §§ 77-702, 77-1327, 77-1343, 77-1344, 77-1377, 77-1514, and 77-5027. July 3, 2013.)

REG 17-006 CORRECTIONS AND AMENDMENTS

006.01 The Property Tax Administrator may amend or supplement the Report and Opinion as provided in this regulation. The Property Tax Administrator will not modify the Report and Opinion, except by amendment or supplementation, after submission to the Tax Equalization and Review Commission.

006.01A It will be the county assessor's responsibility to explain to the Tax Equalization and Review Commission any errors and omissions in their information as originally submitted to the Property Tax Administrator.

006.02 The Property Tax Administrator may amend a Report and Opinion that was certified to the Tax Equalization and Review Commission due to any clerical errors made by the Division.

006.03 The Property Tax Administrator will supplement the Report and Opinion as requested by the Tax Equalization and Review Commission.

(Neb. Rev. Stat. § 77-702. July 3, 2013.)